



Georgia Sales and Use Tax Informational Bulletin House Bill 834 – Fuel Used in Swine Structures

July 10, 2006

The 2006 General Assembly passed and Governor Sonny Perdue signed into law House Bill 834, that exempts the State (4%) sales tax on the sale of liquefied petroleum gas (LPG) and other fuel from Georgia sales and use tax when used in a structure where swine are raised. The following information is being provided to Motor Fuel Distributors and other affected taxpayers as a general explanation of the bill and to provide guidance concerning the administration of the exemption.

House Bill 834 (“HB 834”), which will be effective July 1, 2006, amended O.C.G.A. § 48-8-3 to create a new two-year exemption from Georgia sales and use tax for sales of liquefied petroleum gas (LPG) and other fuel when used in a structure where swine are raised. The following guidelines will apply to the implementation of HB 834.

- Fuel delivered and stored in a storage tank that will be used exclusively to operate machinery and equipment in a structure where swine are raised on a farm may be purchased without the payment of the State (4%) sales tax if the purchaser provides the distributor a properly executed *Agricultural Certificate of Exemption*, Form ST-A1.
- This exemption does not apply to any local sales and use tax.
- The exemption applies to fuel deliveries occurring from July 1, 2006 through June 30, 2008. The exemption for fuel billed on a monthly billing cycle will commence with the first bill where the beginning service date (i.e., beginning meter read date) is on or after July 1, 2006, and will cease with the last bill where the ending service date is on or before June 30, 2008.
- Fuel delivered and stored in a bulk storage tank that will be used for multiple purposes (both taxable and exempt farm use) may qualify for a partial exemption when the purchaser provides a good faith estimate of the amount of fuel that will be used exclusively in a structure where swine are raised. The good faith estimate must be set forth on line 18 of the *Agricultural Certificate of Exemption* (Form ST-A1), and be provided to the fuel distributor at the time of sale. The distributor’s acceptance of a properly executed Form ST-A1 will be deemed to be in good faith and the percentage of exempt fuel indicated on the form will qualify for the exemption. The fuel distributor must itemize taxable and exempt fuel charges on the seller’s invoice based upon the good faith estimate provided by the purchaser. The purchaser will be liable for any tax due as a result of an incorrectly executed Certificate of Exemption.

Please remember that this exemption only applies to Georgia state (4%) sales and use tax and not to any local sales and use tax.